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C O N F I D E N T I A L SECTION 01 OF 02 TAIPEI 003854

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STATE PASS AIT/W

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TAGS: [PREL](#) [PGOV](#) [TW](#)

SUBJECT: CHEN: OVERSEAS OFFICES, SOE'S TO BE CALLED
"TAIWAN" BY 2006

Classified By: AIT Director Douglas Paal, Reason: 1.4 (B/D)

11. (C) Summary: President Chen Shui-bian pledged to change the name of Taiwan's overseas offices and State Owned Enterprises from "China" to "Taiwan" by 2006 during a December 5 press conference at Democratic Progressive Party (DPP) headquarters. In the same speech, Chen reiterated his intention to abide by his 2000 and 2004 inaugural commitments regarding constitutional reform. He stated that Taiwan needs a constitutional reform plan that will improve governance and meet Taiwan's current needs rather than a "debate over ideology or verbal slogans." Chen's remarks came just hours before the start of a large "name rectification" (zhengming) rally organized by supporters of former President Lee Teng-hui. Chen's aides say the president's December 5 remarks were meant to defend the DPP's left flank from Lee's Taiwan Solidarity Union (TSU) in a way that would not be perceived as provocative by Washington or Beijing. Nevertheless, local media widely portrayed Chen's announcement as endorsing Lee's call to "Taiwanize" official institutions. End Summary.

Changing the Name

12. (C) President Chen Shui-bian announced on December 5 that Taiwan would change the name of its overseas offices, government agencies, and State-Owned Enterprises (SOEs) from "China" and "Taipei" to "Taiwan" by 2006. Chen told reporters at a DPP press conference that the purpose of the change was to avoid "confusion" abroad between "PRC" and "ROC" institutions. Chen emphasized, however, that he would not change the legal title of the country. Chen stated that "our national title, the Republic of China, not only reflects historical realities, it also represents the greatest consensus within Taiwan society over our national identity." Chen added that all of his previous pledges, including those made during his May 20 Inaugural Address and October 10 National Day speech, would remain in force throughout his term of office. Defending the limits he has placed on future constitutional revisions, Chen stated that Taiwan needs a constitutional reform plan that will improve governance and meet Taiwan's current needs rather than a "debate over ideology or verbal slogans."

13. (C) Following the president's speech, the Premier and spokesmen for the DPP and MOFA clarified that the initiative to change the name of Taiwan's overseas missions only referred to offices in countries that do not recognize the "Republic of China." The MOFA Spokesman noted that changing the title of offices would only be done if approval was secured from host governments. DPP Deputy Secretary General Lee Ying-yuan told the Director that Chen himself echoed this clarification during a campaign rally later in the evening. Regarding SOEs, Executive Yuan (EY) Minister-without-Portfolio Hsu Chih-hsiung announced that the EY has already formulated a plan to change the English titles for a number of state entities, including the "Central Bank of China," "China Shipbuilding," and "China Steel."

Squeezed From Both Sides

14. (C) The president's press conference came hours before the Taiwan Solidarity Union (TSU) and Pan-Blue alliance held separate rallies in Taipei City (Note: The media and organizers for both camps claimed turnout in the hundreds of thousands, but AIT on-site observers estimated attendance at no more than 20,000 for the TSU and 10,000 for the Pan-Blue rally). Presidential Office Deputy Secretary General James Huang told the Director that the press conference was organized after the DPP canceled its planned December 4 "Protect Taiwan" rally due to a passing typhoon. Huang said the DPP did not want to allow the other parties to monopolize the headlines in the final weekend of campaigning.

15. (C) DPP Secretary General Chang Chun-hsiung told the Director that Chen's December 5 comments were carefully calibrated in advance. Chang said that the DPP feared that if it remained silent, the December 5 name change rally would allow the TSU to dominate the Pan-Green agenda and thus steal votes from the DPP. At the same time, Chang asserted that officials present at the meeting urged the president to

consider possible USG reaction to any statement regarding a name change. In the end, Chang stated that Chen decided on the approach of announcing the name change for overseas offices and SOEs to appeal to the Pan-Green base while reiterating his continued commitment to the "five no's" and other pledges to reassure the United States. Chang added that the name change initiative for foreign missions is not a new policy, noting that Taipei requested such a change from Japan two years ago. (Note: Taiwan has also sought to use "Taiwan" in the name for the community center in Gaithersburg built by TECRO Washington. End Note.)

16. (C) Chang said that the president recognized that this approach would cost the DPP seats to the TSU in the December 11 legislative election, but decided to proceed anyway out of consideration for USG concerns. Chang claimed that a DPP poll done Sunday night showed the DPP losing two seats to the TSU as a result of the TSU's December 5 rally, with no

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offsetting gain for the DPP among centrist voters. Chang attributed the lack of movement among centrists to the general lack of interest among non-partisan voters in the December 11 election campaign. Chang said he was surprised at the president's willingness to intentionally sacrifice party interests for the sake of foreign policy. He also praised the president for consulting with his advisors in advance of his December 5 announcement. "During the last election campaign, he never told anyone about his plans to announce things like a referendum on a new constitution," Chang continued, "he even refused to tell (National Security Council Secretary General) Chiou I-jen."

Comment: Domestic Driven Focus

17. (C) We do not doubt the DPP's claims that Chen's December 5 announcement was driven by domestic political considerations. This explanation, however, makes it no less troubling. This latest episode is yet another reminder of the eroding political will in Taiwan to maintain the cross-Straits status quo. There is one other disturbing aspect to the weekend's developments. Previous rhetorical provocations have been explained away as President Chen extemporizing. In this case it is clear that both the DPP and the EY have been planning this name change proposal for some time.

18. (C) While the structure of Legislative Yuan (LY) elections generally encourages both camps to move to the extremes, the situation may not necessarily improve after December 11. It is increasingly clear that the DPP sees Lee and his TSU as the real potent opposition force and is content to ignore the self-marginalized Pan-Blue alliance. An election that results in the DPP reliant on the TSU for a majority, or competing with the TSU for the hearts and votes of Pan-Green supporters in future elections, may give Lee and his associates even greater influence over the direction and content of policy. This would leave the USG, as it has been for more than a year, as the only effective force to balance further moves away from the status quo.

PAAL